

TRANSFER AGENT:
THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN



Annual Report

for the

Year Ended December 31

COMMERCE

1939

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McGILL UNIVERSITY

Government Taxes Charged Against Operations for the Year 1939

Federal Excise and Sales Taxes.....	\$731,659.01
Federal and Provincial Income Taxes.....	210,136.07
	\$941,795.08

(In addition to the above taxes, the Western Provincial Liquor Boards obtain revenue from the brewing industry in the form of profits on sale of beer rather than from Taxes.)

Directors

R. J. CHISWICK, Lethbridge, Alberta.	EMIL G. SICK, Seattle, Washington.
LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec.	FRITZ SICK, Vancouver, British Columbia.
WM. HUTTON, Regina, Saskatchewan.	J. A. SWALWELL, Seattle, Washington.
R. H. B. KER, Victoria, British Columbia.	J. G. WALFORD, Calgary, Alberta.
J. C. MALONE, K.C., Regina, Saskatchewan.	RT. HON. WM. DUDLEY-WARD, Calgary, Alberta.
C. E. MORRIS, Calgary, Alberta.	GEORGE R. WHITMORE, Regina, Saskatchewan.
W. H. SHEPPARD, Edmonton, Alberta.	

Officers

E. G. SICK.....	<i>President</i>
FRITZ SICK.....	<i>Chairman of the Board</i>
R. H. B. KER.....	<i>Vice-President and Secretary</i>
W. H. SHEPPARD.....	<i>Vice-President</i>
G. R. WHITMORE.....	<i>Vice-President</i>
J. G. WALFORD.....	<i>General Manager</i>
I. N. WILSON.....	<i>Treasurer and Assistant-Secretary</i>

Plants and Locations

WHOLLY OWNED SUBSIDIARIES

EDMONTON BREWERIES LIMITED.....	<i>Edmonton, Alta.</i>
LETHBRIDGE BREWERIES LIMITED.....	<i>Lethbridge, Alta.</i>
PRINCE ALBERT BREWERIES LIMITED.....	<i>Prince Albert, Sask.</i>
THE REGINA BREWING COMPANY, LIMITED.....	<i>Regina, Sask.</i>
CAPILANO BREWING COMPANY, LIMITED.....	<i>Vancouver, B.C.</i>

ASSOCIATED BREWERIES OF CANADA LIMITED

AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

Consolidated Profit and Loss Account

For the Year ending December 31st, 1939

Net Operating Profits, before charging depreciation....	882,560.57
<i>(A total of \$51,661.40, which includes salaries paid to brewery managers, was paid as salaries and remuneration to the executive officers and legal advisors of the Company).</i>	
Revenue from Investments.....	107,841.69
Other Revenue	26,920.78
	1,017,323.04
Less:	
Directors' Fees	6,500.00
Depreciation	158,592.92
Federal and Provincial Income Taxes.....	210,136.07
Reserve for Employees' Benefit Fund.....	25,000.00
Reserve for Contingent Losses on Investments.....	50,000.00
	450,228.99
Net Profits for the year, carried to Earned Surplus Account	
	\$ 567,094.05

Consolidated Earned Surplus Account

December 31st, 1939

Balance at January 1st, 1939	899,785.35
Net Profits for the year, from Profit and Loss Account	567,094.05
	1,466,879.40
Less:	
Four quarterly dividends, each of 1% per cent, on the Cumulative Preferred Shares	54,839.50
Three dividends of 20 cents per share, and one dividend of 75 cents per share, on the issued Common Shares of no par value.....	321,300.00
	376,139.50
Balance, carried to Balance Sheet	
	\$1,090,739.90

OF CANADA LIMITED

ARY BREWING COMPANIES

, December 31st, 1939

LIABILITIES

Current Liabilities:

Accounts Payable	33,907.65	
Income and Other Taxes	226,994.41	
		<u>260,902.06</u>
<i>Deferred Liability</i>		56,711.82

Reserves:

For Premium on Preferred Shares	36,124.07	
For Contingent Losses on Investments	348,675.14	
For Depreciation of Fixed Assets	1,487,648.83	
For Federal and Provincial Taxes	37,162.46	
For Employees' Benefit Fund	75,000.00	
		<u>1,984,610.50</u>

Capital:

Preferred Shares — 7% Cumulative Redeemable Preferred Shares	763,900.00	
Common Shares — 238,000 Common Shares of no par value, including increase of \$4,701.38 during the year	2,145,293.08	
		<u>2,909,193.08</u>

Earned Surplus 1,090,739.90

Contingent Liabilities, \$15,924.80

\$6,302,157.36

Our report on the above Balance Sheet, dated February 10th, 1940, is attached hereto.

NASH & NASH,
Chartered Accountants.

ASSOCIATED BREWERIES

AND WHOLLY OWNED SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash on Hand and in Banks.....	518,006.13	
Accounts Receivable	55,790.39	
Inventories, at the lower of cost or market prices, as approved by the managements.....	316,908.31	
Dominion of Canada Bonds, at cost, (Market value, \$249,583.05)	250.112.16	
Life Insurance Policies, Cash Surrender Value.....	169,743.82	
		<u>1,310,560.81</u>

Investments:

Mortgages, Loans and Other Investments, at cost, including Investments in United States Brewing Companies	1,279,771.71	
Due from Shareholders (secured)	2,503.15	
Shares in, and Loans to, other non-brewing sub- sidiary Companies	209,277.85	
		<u>1,491,552.71</u>

<i>Preferred Shares of Associated Breweries of Canada Limited, Pur- chased for Redemption</i>	1,538.07
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<i>Deferred and Prepaid Charges</i>	41,934.36
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Fixed Assets:

Lands, Buildings, Plants and Equipment, at the depreciated re- placement valuation of the Canadian Appraisal Company at July 31st, 1928, with additions since that date at cost.....	3,456,571.41
	<u><u>\$6,302,157.36</u></u>

Approved on behalf of the Board,

E. G. SICK	}	Directors
J. A. SWALWELL		

AUDITORS' REPORT

To the Shareholders of

ASSOCIATED BREWERIES OF CANADA LIMITED

We have examined the books and accounts of Associated Breweries of Canada Limited, for the year ending December 31st, 1939, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent Companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of Associated Breweries of Canada Limited and its constituent Companies at December 31st, 1939, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent Companies.

The Dividends on the preferred shares, payable January 2nd, 1940, have been provided for in these accounts.

In accordance with Section 114 of The Dominion Companies' Act, we report that dividends of \$7,468.66 were received from non-brewing subsidiary Companies out of their accumulated surpluses, and that the payment of these dividends does not involve an impairment of capital; and that the operations of the non-brewing subsidiary Companies resulted in an aggregate net loss of \$356.94, which has not been brought into the accounts of this Company.

Redemption of a further \$50,000.00 of cumulative redeemable preferred shares was effected during the year, in accordance with the letters patent of the Company, the reduction of capital resulting therefrom being subject to confirmation by supplementary letters patent.

NASH & NASH

Chartered Accountants.

February 10th, 1940.

and it is hoped to augment it in future years as the Company may prosper. In accordance with the belief that this fund will grow into a substantial amount, the reserve will be taken off the Company's balance sheet. The moneys will be invested largely in the securities of our Company and its affiliates by The Royal Trust Company under the control of a Committee of Trustees appointed by your Directors.

The Company's plants, machinery and equipment have been maintained at a high level of efficiency and a new bottling plant, completely equipped with the newest and most modern machinery, has been erected at Lethbridge at a cost of approximately \$150,000.00

The Balance Sheet shows Current Assets of \$1,310,560.81 against Current Liabilities of \$260,902.06; leaving a net working capital of \$1,049,658.75.

The usual four quarterly dividends were paid on the 7% preference stock while the common stock participated in the year's earnings to the extent of \$1.35 per share. In accordance with the Letters Patent of the Company, additional preferred shares to the par value of \$50,000 were called for redemption and cancelled.

It is a pleasure to again record our appreciation of the continued co-operation of our many shareholders and the officers and employees of our entire organization.

On behalf of the Board,

E. G. SICK,

President.

February 20th, 1940.
Calgary, Alberta,

ASSOCIATED BREWERIES OF CANADA LIMITED

Report of the Directors

For the Year ended 31st December, 1939

To the Shareholders:

Your Board of Directors have pleasure in submitting the twelfth annual consolidated statement of Associated Breweries of Canada Limited and its wholly owned subsidiaries for the year ended 31st December, 1939.

The net earnings for the year amounted to \$567,094.05 after allowing for all manufacturing, selling and administrative expenses as well as taxes and depreciation.

It should be noted that while the Company acquired entire ownership of the Capilano Brewing Company Limited at Vancouver, B.C., in October 1938, this is the first time that a full year's operations of that subsidiary have been reflected in this Company's consolidated earnings.

Depreciation reserves were set up at \$158,592.92. Federal and Provincial Income Taxes amounted to \$210,136.07. Federal Sales and Excise Taxes claimed a further \$731,659.01. In addition to the foregoing the Government Liquor Boards of the Western Provinces have derived revenue from the brewing industry in the form of profits from the sale of beer instead of from taxes. Further reserves of \$50,000.00 have been set up against investments.

Your Directors, appreciating the service and loyalty of its employees to the Company over a long period of years and realizing a responsibility to those who may, through increasing age or other causes beyond their control, need assistance, have set aside in the reserve created for that purpose an additional \$25,000 out of the year's profits. This fund, entirely contributed by the Company, has now reached a total of \$75,000.00